

# JOURNAL

A MONTHLY PUBLICATION OF THE BONNEVILLE POWER ADMINISTRATION

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## LOAD REDUCTION HELPS NORTHWEST ECONOMY

"We here in the Northwest didn't just dodge a bullet, we dodged a cannon ball," BPA Acting Administrator Steve Wright told the Portland City Club on July 27.

Wright said BPA's 46 percent rate increase, announced June 29, will save Northwest ratepayers \$4 billion over the next year compared to the 250 percent rate increase the agency expected to have to charge when BPA launched its load-reduction effort in April.

"Thanks to incredible regional cooperation, the region avoided economic disaster," Wright said.

"The region's utilities and industries deserve a great deal of credit for their response," Wright said. BPA called on all its customers to reduce loads on BPA by 10 percent and asked direct service industrial customers to remain off line for up to two years. Some 100 publicly owned utilities, five investor-owned utilities and all of the aluminum companies operating in the Northwest except Kaiser Aluminum signed load reduction agreements.

Successful control of BPA's rates, Wright said, means:

- A net of 25,000 jobs were saved.
- While aluminum smelters will be down for some time, they're not out of business and their workers will be paid.
- Power system reliability is improved because most load reduction came through conservation or curtailment.
- By staying out of the market, BPA played a key role

in bringing market prices down throughout the West.

And BPA stayed financially solvent, which is key to preserving the benefits of the federal Columbia hydro system for the Northwest, Wright said. Preserving BPA's solvency also is critically important to funding for the region's fish and wildlife program, he pointed out. BPA is the principal source of funds for this effort.

## FOCUS SHIFTS TO INFRASTRUCTURE

"We cannot rest on our laurels and be lulled into a false sense of security by the current low market prices," Steve Wright warned the Portland City Club in his July 27

speech. Load reductions are not a long-term solution, he stressed.

Wright mapped out a strategic focus for building a Northwest energy structure "that will ensure reliable electricity supply, without environmental compromise, without industries shut down, without sacrificing our fish and wildlife and without sacrificing our low-cost power."

He said the region must address infrastructure issues, especially:

- Ensuring adequate new generation.
- Creating sustainable energy efficiency programs.
- Shoring up a stretched-to-the-limit transmission system.
- Ensuring adequate gas pipeline capacity and storage.


Wright also pointed to three major policy issues to resolve if the region is to have a sound energy system. He called on the region to:

- Implement the fish recovery effort.
- Determine who is responsible for serving the region's



*Northwest federal reservoirs, such as Hungry Horse in Montana, won't refill this summer due to the drought.*  
Photo by Mark Reller





load. There is no clarity about who has long-term responsibility to serve load, and no guarantee that power from independent new resources will be sold in the region.

- Pay attention to the RTO (regional transmission organization). Its formation has far-reaching implications for all electricity users in the Northwest.

To read Wright's complete speech, go to the "media center" button on BPA's web site, [www.bpa.gov](http://www.bpa.gov)

## **LOW MARKET ALLOWS SOME SUMMER SPILL**

Federal agencies began releasing a limited amount of water through spillways at The Dalles and Bonneville dams on July 24 to help juvenile salmon.

"Our ability to spill under these extreme drought conditions depends directly on the availability of economically priced replacement power on the market," said Steve Wright, acting BPA administrator. "It's a risk we are willing to take to save some fish, but we must also maintain the reliability of the system and remain solvent so that we can support salmon, conservation and other programs."

With this year's Columbia River flow perilously close to the lowest on record, federal agencies had previously decided they could not provide summer spill for migrating salmon. In the last month, wholesale power market prices have subsided to near pre-energy crisis levels.

BPA will make up for lost generation by buying energy in the market. The agency will curtail spill if it cannot purchase sufficient energy or if market prices spike. Because spill will not draw water stored in reservoirs, it should have little or no effect on the winter power supply.

The spill will primarily benefit Hanford Reach fall chinook juveniles that are not listed under the Endangered Species Act. Most of the fish listed as endangered are being barged from the Snake River, so the spill will not affect them.

## **POWER COSTS UP, HYDRO PRODUCTION DOWN**

BPA's third-quarter report for this fiscal year shows BPA's controllable operations and maintenance costs down \$3 million compared to the first nine months of last year. But BPA paid a record \$1.6 billion for short-term purchased power in the period. And drought shriveled hydro production by 35 percent compared to last year.

BPA ended the third quarter with net expenses of \$547 million, compared with net revenues of \$274 million for the same period a year ago. The fiscal year ends Sept. 30. For details go to <http://www.bpa.gov/Corporate/KCC/ar/ar2x.shtml#qreport>

## **THE STATE OF THE SYSTEM**

Recent runoff forecasts for the Columbia River System have varied between 53.9 million acre feet to 58 MAF for January through July. While any runoff in this range is still the second lowest on record, the higher numbers have made possible some summer spill.

July has been relatively cool throughout the Northwest and in California. California's Department of Water Resources bought more power for June and July than it has needed in cool weather, so it's reselling power into the market.

Columbia River streamflows are being maintained at minimum levels required for navigation, fish requirements and other river uses. The minimum flows are generally sufficient to meet BPA loads. BPA is buying energy to store water for this winter and fall and for summer fish flows.

Because of the drought, federal reservoirs will not refill this year, but are expected to end the water year on July 31 about 75 percent full.

The Canadian reaches of the Columbia River Basin are even drier. Absent BPA actions, Canadian reservoirs in the Columbia River system would be less than half-full on July 31. However, because BPA has been storing water for fall and winter needs wherever possible, Canadian reservoirs are ending the water year nearly 65 percent full.

## **NUCLEAR PLANT EXPECTED BACK**

The Columbia Generating Station nuclear plant returned to service on July 2, completing its refueling outage in 44 days. The 1,170 megawatt plant shut down again on July 26 to repair a recirculation pump shaft seal. BPA purchased power to replace the nuclear generation. The plant is expected to return to full service in early August.

## **EMERGENCY FISH PROJECTS ADDED**

BPA has agreed to fund about \$9.6 million in new projects to help fish affected by this year's power emergency operations. All 17 projects should have a direct, immediate benefit for fish. Projects range from culvert replacement and road closures to acquisition of water

rights. These new projects are in addition to \$19 million in high priority fish projects that BPA announced in May.

## PIKEMINNOW REWARDS RAISED

BPA is angling to remove another 10,000 to 20,000 northern pikeminnow from the Columbia River this summer by raising the rewards to those who land them.

As of July 10, the reward for the first 100 pikeminnows went from \$4 to \$5 each. The tab up to 400 fish rose from \$5 to \$6, and any beyond that net \$8 per fish. Special fish formerly tagged for \$50 now land the angler a whopping \$1,000. Catch the details at <http://www.pikeminnow.org/>



## TWO NEW PREFERENCE CUSTOMERS

The Port of Seattle and the city of Hermiston, Ore., are becoming BPA public preference customers.

Hermiston residents voted to move to public power service in 1998; the city is establishing a municipal utility and signed a subscription contract with BPA that starts this October.

The Port of Seattle has met BPA's standards for service as a public entity customer. It buys about 15 average megawatts for resale to Sea-Tac airport tenants and airlines. The port did not qualify for BPA service in time to sign a subscription contract and will pay a rate that will cover BPA's cost to acquire power to serve it.

## BPA WRINGS WATER EFFICIENCIES

BPA is tapping energy savings from drinking water chlorination plants and sewage treatment facilities in a pilot project jointly funded with the Northwest Energy Efficiency Alliance. The \$430,000 pilot will identify and implement water and sewage facility efficiency improvements in Richland, Wash., and Reedsport and Bandon, Ore.

If the pilot project succeeds, BPA and the Alliance will encourage other municipalities to wring savings from more of the region's 842 municipal waste treatment plants and probably almost as many drinking water purification facilities.

## WHEN WILL THE WIND BLOW?

BPA is working with regional and international wind forecasting experts to develop a predictive wind model for the mid-Columbia Basin. The goal is to predict wind to 90 percent accuracy and make it possible to schedule wind generation 72 hours ahead to maximize its value. The Electric Power Research Institute is managing the project cosponsored by BPA, utilities and wind developers.

## WEST OF HATWAI CAPACITY RESTORED

The long-term problem is not yet solved, but the capacity of BPA's transmission grid across western Montana and eastern Washington has been restored to its usual rating. This eases a major congestion point on BPA's transmission grid and increases power supplies available to western portions of the region.

Early this summer, BPA reduced the capacity of the 2,800-megawatt transmission path to 2,300 MW to maintain operation within Western System Coordinating Council reliability requirements. The reduction was necessary due to low streamflows and diminished loads at Kaiser Aluminum and Columbia Falls Aluminum. Increased ratings were attained through operational studies, new operating procedures and use of remedial action schemes.

A new addition to the existing remedial action scheme reduces generation at the Colstrip power plant in eastern Montana, if needed. Although the several Colstrip plant owners have not yet reached a formal agreement with BPA, an interim agreement allows BPA to use the new remedial action scheme this summer.

## RTO WEST EXPANDS

RTO West filing utilities have announced that British Columbia Hydro and Power Authority has joined with them as a filing utility effective July 10, 2001. In addition, RTO West and Alberta representatives met recently to discuss avenues for closer coordination.


RTO West is the proposed regional transmission organization for the Pacific Northwest and adjoining areas. BPA is among the utilities that has filed the RTO West proposal with the Federal Energy Regulatory Commission. For more on RTO West, see <http://rtowest.org>



# PUBLIC INVOLVEMENT




## STATUS REPORTS

**Blackfeet Wind Project EIS.** Mont. — To acquire 36-66 megawatts of electricity from the proposed wind project.

**Coeur d'Alene Tribe (CDA) Trout Production Facility Project EA.** Idaho — To fund design, construction, operation and maintenance of a facility to provide off-site mitigation for losses on the mainstem Columbia River.




**Condon Wind Project EIS.** Ore. — To acquire about 50 megawatts of electricity from the proposed wind project. The draft EIS is available (#3376). 


**NEW! Federal Columbia River Power System Implementation Plan.** Regionwide. — Draft plan for operating the Columbia River Power System Operations in 2002-2006 to carry out biological opinions issued under the Endangered Species Act. For details, see [www.salmonrecovery.gov](http://www.salmonrecovery.gov) (The EIS below of the same name addresses this as well as other fish and wildlife policy issues.)  

**Fish and Wildlife Implementation Plan EIS.** Regionwide — To examine potential impacts of implementing one of the fish and wildlife policy directions being considered in regional processes. Draft EIS is available (#0312).   

**Grande Ronde and Imnaha Spring Chinook Project EA.** Ore. — To build egg incubation and juvenile rearing facilities on the Lostine and Imnaha rivers and modify the Gumboot and Lookingglass facilities.

**Johnson Creek Artificial Propagation Enhancement EA.** Idaho — Develop native chinook salmon broodstock for rearing of acclimated smolts to preserve and recover the population.



**Kangley-Echo Lake Transmission Line Project EIS.** Wash. — To build a 500-kV transmission line in King County to connect an existing transmission line near Kangley to Echo Lake Substation. The draft EIS is available (#3017).   



**NEW! Longview Energy Development ROD.** Integration of a proposed 290-MW natural gas fired power plant in Longview, Wash. 

**Maiden Wind Farm EIS.** Wash. — To acquire 150 to 494 megawatts of power from the proposed wind project.

**McNary-John Day Transmission Line Project EIS.** Ore. and Wash. — To build about 75 miles of new 500-kV transmission line from McNary Substation to John Day Substation.

**Mercer Ranch Power Generation Project EIS.** Wash. — To integrate an 850-megawatt natural-gas-fired combustion turbine 11 miles west of Paterson.

**New Large Single Load Policy Issues.** Regionwide — To consider three issues related to implementing BPA's New Large Single Load Policy.  


**NEW! Regional Air Quality Modeling Study.** Regionwide — To examine the potential cumulative impacts on air quality if numerous power plants proposed for construction in BPA's service territory are all completed.  

**Santiam-Bethel Transmission Line Project EA.** Ore. — To rebuild a 17-mile section of the Santiam-Chemawa line to double-circuit to accommodate a new 230-kV transmission line from the Santiam Substation to a Portland General Electric line to PGE's Bethel Substation.

**Schultz-Hanford Area Transmission Line Project EIS.** Wash. — To build a new 500-kV line to relieve constraints on several lines, provide

more operational flexibility to meet endangered salmon obligations and maintain transmission capacity to import and export energy

**Starbuck Power Project EIS.** Wash. — To integrate proposed 1,200 MW natural gas fired power plant into the power grid, a 16-mile, 500-kV transmission line would be built from the plant to BPA's Lower Monumental Substation.

**Temporary Small Resource Policy.** Regionwide. — ROD is available. 

**Umatilla Generating Project EIS.** Ore. - To integrate electrical power from a new 550-megawatt natural gas-fired combined-cycle combustion turbine generation plant proposed by the Umatilla Generating Co., LP.

**Vegetation Management EIS Supplement Analyses** 

• Schultz-Raver, Olympia and Grand Coulee No. 1 rights-of-way, Wash. (SA-17).

**Wallula-McNary Transmission Line and Wallula Power Project EIS.** Ore. and Wash. - To build 35 miles of transmission line from a proposed gas-fired power generation project in Wallula, Wash., to McNary Substation, Ore.

**Watershed Management EIS Supplement Analyses** 

• Idaho Fish Screening Improvement, Campion, Iron, Fourth of July and Goat Creeks, Idaho (SA-57).

**White Sturgeon Mitigation and Restoration in the Columbia and Snake Rivers Upstream From Bonneville Dam EA.** Ore., Wash. and Idaho. — To restore and mitigate for documented lost white sturgeon productivity caused by development and operation of the hydropower system using intensive fisheries management and modified hydro system operation.

## CALENDAR OF EVENTS

**Fish and Wildlife Implementation Plan EIS.** Aug. 14, 3-7 p.m., Quality Inn, 700 Port Dr., Clarkston, Wash.; Aug. 15, 3-7 p.m., Seattle Center, Fidalgo Rm. (NW Rooms), Seattle, Wash.; Aug. 21, 3-7 p.m., Boise State University, Student Union Building, Alexander Rm., Boise, Idaho; Aug. 22, 3-7 p.m., Outlaw Inn, Colt 44 Rm., 1701 Hwy. 93 S., Kalispell, Mont. Additional workshops may be arranged. Contact Peggy Simpson at (503) 230-3900.

**Regional Air Quality Modeling Study.** Informational meeting. Aug. 28, 9:30-11 a.m. BPA rates hearing room. Rm. 224, 911 N.E. 11th, Portland, Ore.

**Conservation or Crisis? A Northwest Choice.** Conference sponsored by BPA and NewsData. Sept. 24-26, DoubleTree Hotel, Jantzen Beach, 909 N. Hayden Island Dr., Portland, Ore. Contact Jennifer Eskil (509) 527-6232 for info.

## CLOSE OF COMMENT

**New Large Single Load Policy Issues.** Extended to Aug. 10


**Kangley-Echo Lake Transmission Line.** Draft EIS. Aug. 15

**Fish and Wildlife Implementation Plan EIS.** Draft EIS. Aug. 31

**Federal Columbia River Power System Implementation Plan.** Draft for 2002-2006. Sept. 7.

**Wallula-McNary Power Line and Wallula Power Project.** Scoping. Sept. 30

**If you have questions or comments, or to be added to the mailing list for any projects, call (503) 230-3478 (Portland) or 1-800-622-4519.**

The *Journal* is a monthly newsletter of the Bonneville Power Administration for customers and interested publics. Unless otherwise noted, documents cited are being prepared.  Indicates a document is available. To order documents, call: 800-622-4520 or (503) 230-7334. Written comments may be sent to: BPA, P.O. Box 12999, Portland, OR 97212. E-mail address: [comment@BPA.gov](mailto:comment@BPA.gov) For more information, see the BPA home page: <http://www.bpa.gov>

Process Abbreviations: EA – Environmental Assessment, EIS – Environmental Impact Statement, FONSI – Finding of No Significant Impact, ROD – Record of Decision, SA – Supplement Analysis.

